

GRAND HAVEN BOARD OF LIGHT AND POWER
MINUTES
JULY 21, 2022

A regularly scheduled meeting of the Grand Haven Board of Light and Power was held on Thursday, July 21, 2022, at 5:00 p.m. at the Board's office located at 1700 Eaton Drive in Grand Haven, Michigan and electronically via live Zoom Meeting.

The meeting was called to order at 5:00 p.m. by Chairperson Kieft.

Present were Directors Crum, Hendrick, Westbrook, Witherell, and Kieft.

Also present were David Walters, General Manager; Renee Molyneux, Administrative Services Manager and Secretary to the Board; Lynn Diffell, Accounting & Finance Manager; Rob Shelley, Distribution & Engineering Manager and Erik Booth, Operations & Power Supply Manager.

22-11A Director Witherell, supported by Director Crum, moved to approve the meeting agenda.

The motion was unanimously approved.

Public Comment Period –

Jeffrey Miller, 1120 S. Harbor Drive, thanked Board Secretary Renee Molyneux for responding to his letter last month. He also thanked Rob Shelley, Distribution & Engineering Manager, for correcting two misconceptions and General Manager David Walters for spending an hour with him following last month's Board meeting.

No formal action taken.

22-11B Director Witherell, supported by Director Crum, moved to approve the consent agenda items. The consent agenda includes:

- Approve the Minutes of the June 23, 2022 Regular Board Meeting
- Accept and file the June 2022 Financial Statements and Power Supply & Sales Dashboard
- Accept and file the MPPA Energy Services Project Resource Position Report dated June 30, 2022
- Accept and file the June 2022 Day-Ahead LMP Comparison Chart
- Accept and file Calendar Year 2021 Annual and CYTD 2022 MPPA Power Supply Billing Summaries
- Accept and file Constellation eMarket Update Graphs for the Michigan Hub
- Accept and file the Sims Site Remediation and Redevelopment update presentation to City Council
- Approve paying bills in the amount of \$2,809,249.96 from the Operation and Maintenance Fund

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- Approve paying bills in the amount of \$148,550.31 from the Renewal and Replacement Fund
- Confirm Purchase Order #22269 to Holland Litho in the amount of \$15,105 for annual customer newsletter printing
- Confirm Purchase Order #22271 to Dickenson Wright PLLC in the amount of \$7,200 for legal services
- Confirm Purchase Order #22273 to WGHN Radio Station in the amount of \$7,320 for FY2023 community outreach program
- Confirm Purchase Order #22276 to Chamber of Commerce in the amount of \$5,000 for FY2023 economic development contribution
- Confirm Purchase Order #22277 to St. John Truck and Trailer Service, Inc. in the amount of \$5,895 for tree crew chipper repair
- Confirm Purchase Order #22280 to Midwest Dial Tone in the amount of \$11,000 for FY2023 cloud phone service

The General Manager reviewed the Year End Income Statement with the Board. FY2022 residential sales were lower than expected and commercial were higher than expected. We are approximately \$1 million over on expenses due to power supply costs. Overall, we are very close to budget with the exception of power supply costs. Year-end adjustments have not been made yet. The audited statement will be provided in a few months.

The General Manager reported the power supply marketplace continues to get worse each month. Loads are close to projected. Bilats and renewables are consistent with expectations. Short-term Day Ahead and Real Time costs are increasing and getting worse every month.

In the renewable market, producers are unable to meet their obligations. We are most concerned about our contract with Invenergy, which is scheduled to go online the end of this calendar year. They are not going to be able to meet their commercial operations date and their prices are increasing.

Rob Shelley updated the Board on the substation drainage project at the Sims site. The contract is approved, and the city has presented the plan to EGLE for approval. We are waiting for their response.

The motion was unanimously approved.

22-11C Director Witherell, supported by Director Crum, moved to approve Purchase Order #22285 to Brown Wood Preserving Company, Inc. in the amount of \$83,817 for 142 wood power poles for the DeSpelder Project and to replenish BLP inventory.

The motion was unanimously approved.

22-11D Director Witherell, supported by Director Crum, moved to approve a \$2 million cash transfer to the MERS Defined Benefit Plan.

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The General Manager discussed the December 31, 2021 MERS Actuarial Report. This is the first report we have received since we separated the BLP's Defined Benefit Plans (DB) from the city. As of December 31st, BLP Plans were 95% funded, but the market has been down since that time, so we believe we are below 90% funded today.

The Board is on an aggressive path to get our DB plans to 100% funded. The 5-year cash flow plan was reviewed, which includes investing an extra \$1 million each year over the next 5 years in the DB plans. We are asking the Board to accelerate payment into this year with a \$2 million cash transfer now because markets are down and it is a good time to buy. If we invest today, we expect we will benefit further when the markets return.

In a roll call vote of the Board, those in favor: Directors Crum, Hendrick, Westbrook, Witherell and Kieft; those absent: none; those opposed: none. Motion passed.

22-11E The Board discussed a recent claim made by former City Manager Pat McGinnis and City Attorney Ron Bultje that there has been a long-term electric utility subsidization by city taxpayers. This item was discussed at the city's July 5 meeting and was tabled for further discussion between the council and the Board.

The General Manager informed the Board we are investigating what occurred in 1959 and after to ensure we have factual data prior to the joint meeting, which is yet to be scheduled. The General Manager said there has been no subsidy to the BLP to his knowledge. He feels city council did the right thing by tabling the discussion so they may discuss it with the Board.

Director Witherell said the intent in 1959 was to make the Board autonomous. Until the last 5 years, that has been the case.

Staff will continue to investigate on the Board's behalf.

No formal action taken.

22-11F Director Witherell, supported by Director Westbrook, moved to authorize the General Manager to begin to format the proposed talking points into a draft Intragovernmental Agreement as a starting point for discussions between the Board and City Council.

The purpose of the proposed Agreement is to bring the two parties together to reach agreement on process and payment matters so we may move the community forward with environmental cleanup of the retired Sims Power Plant property. These proposed talking points were established as a starting point for these discussions.

The Board discussed the need to have special legal counsel for electric utility matters reinstated before we begin more in-depth discussions on the agreement.

Chairperson Kieft asked the executive team if they supported the proposed items. Booth, Diffell, Molyneux, and Shelley all concurred.

Chairperson Kieft directed staff to place the talking points into proposal format to provide to the city.

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Director Crum said this is a good starting point. He asked if future liability at the Diesel Plant could be incorporated into the Agreement to protect the BLP. Director Hendrick feels that would be contrary to a proposed agreement regarding Sims environmental issues. The General Manager said he believes the BLP may already be protected in the Buy-Sell Agreement.

In a roll call vote of the Board, those in favor: Directors Crum, Hendrick, Westbrook, Witherell and Kieft; those absent: none; those opposed: none. Motion passed.

22-11G Other Business – The General Manager informed the Board that staff is making progress toward an updated purchasing policy. His goal is to present a draft to the Board at the August meeting.

No formal action taken.

Public Comment Period – Jeffrey Miller, 1120 S. Harbor, referenced a letter written to the Board Chair on June 28 regarding five topics of concern. He is asking the Board to continue its community outreach efforts to other stakeholders beyond commercial/industrial customers. He also suggested the BLP notify the city of rolling load shed plans and suggested the Board provide a formal response to the high school Green Team.

The General Manager explained that load shedding is not a plan that is negotiated with customers. It is a plan the utility has in place so we are prepared to respond if MISO requires all utilities in the state to shed load to save the grid from complete failure. Load shedding will begin with a voluntary request. If voluntary load shedding is not enough, all utilities in the state will be required to begin shedding a percentage of load. The BLP will manage load shedding in a planned, rotated, controlled, and fair process for our customers.

The General Manager followed up on the Green Team's letter with an offer to the GHAPS Superintendent and to Mac Davis to have BLP staff work with the Green Team and the school district. The offer has not yet been accepted. He also talked with Spring Lake Township and offered staff assistance with the sustainability committee and their discussion with the township.

No formal action taken.

At 7:56 PM by motion of Director Westbrook, supported by Director Hendrick, the July 21, 2022 Board meeting was adjourned.

Respectfully submitted,

Renee Molyneux
Secretary to the Board

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